

MONTANA LEGISLATIVE HISTORY

Chapter 336 1925

Bill H 212 S _____ Original bill & history C

H. Committee on Education + Cultural Resources

Hearing Date(s) Jan 24 ✓ C

Jan 26 ✓ C

_____ C

_____ C

Date Out _____ C

S. Committee on Education

Hearing Date(s) Mar 07 ✓ C

Mar 12 ✓ C

_____ C

_____ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

1 HOUSE BILL NO. 217
 2 INTRODUCED BY Lee Hirsch, Scott H. Johnson, Dwyer
 3 Bob Brown
 4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT
 5 REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT
 6 MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503, AND
 7 20-9-203, MCA."
 8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 2-7-503, MCA, is amended to read:
 11 "2-7-503. Annual audits of local governmental
 12 entities. (1) The department shall audit the affairs of all:
 13 (a) counties;
 14 (b) incorporated cities and towns;
 15 (c) first-, second-, and third-class school districts
 16 that maintain a high school; and
 17 (d) school district extracurricular fund for pupil
 18 functions;
 19 (e) irrigation districts;
 20 (f) conservancy districts;
 21 (g) fire districts and volunteer fire departments in
 22 unincorporated areas, towns, and villages supported by a
 23 mill levy;
 24 (h) fire department relief associations.
 25 (2) Each audit shall be made annually and shall cover

1 the immediately preceding fiscal year of the governmental
 2 entity.
 3 (3) Each annual audit shall be initiated not later
 4 than 12 months from the close of the fiscal year for which
 5 the audit is conducted.
 6 (4) In addition to the annual audits required by this
 7 section, the department may at any time conduct a special
 8 audit of the affairs of any governmental entity referred to
 9 in this part.
 10 (5) The fee for the special audit shall be a charge
 11 based upon the costs incurred by the department in the
 12 conduct of such special audit. The audit fee herein
 13 provided shall be paid by the governmental entity to the
 14 state treasurer and credited to the state general fund."
 15 Section 2. Section 20-9-203, MCA, is amended to read:
 16 "20-9-203. Examination of district accounting records.
 17 (1) The accounting records of all first-, second-, and
 18 third-class school districts that maintain a high school
 19 shall be audited annually by the department of community
 20 affairs in accordance with 2-7-503.
 21 (2) Annually and at such other times as directed by
 22 the board of county commissioners or trustees, the county
 23 auditor or the county treasurer if there is no county
 24 auditor shall audit the accounting records of each
 25 third-class district that does not maintain a high school.

1 Such district shall deliver all accounting records to the
2 auditing county official no later than July 15 for the audit
3 of the financial activity of the last completed school
4 fiscal year. The auditing county official shall examine the
5 accounting records, prepare an audit report, and:

6 (a) return the accounting records to the district no
7 later than August 15;

8 (b) send a copy of the audit report to the chairman of
9 the trustees; and

10 (c) file copies of the audit report with the county
11 superintendent and the county clerk and recorder."

-End-

Representative Eudaily clarified this bill by saying that a levy effective for two years may be proposed by the trustees. This is optional. The last paragraph of the bill, page 4, allows an election to be held in the second year if the trustees feel an additional levy is need.

Representative Pistoria asked why this bill was turned down in the Senate last session. Representative Eudaily responded by saying he was told the Senate turned down this bill last session because they felt voters would get out of the habit of voting each year if they were only asked to pass mill levies once every two years.

Representative Teague asked, "Doesn't it stand to reason that there would be a savings in not having an annual election?" Mr. Nelson discussed the fact that there is a potential savings.

Representative Teague asked Mr. Campbell if his association was negotiating every two years or every year. Mr. Campbell told Representative Teague that the MEA is negotiating every two years because it makes operation smoother. The number of two year contracts has grown substantially in the last two years and is in use in all the large districts.

The hearing on House Bill 162 was closed.

The hearing of House Bill 217 (an act clarifying the audit requirements for third-class school districts that do not maintain a high school, amending sections 2-7-503, and 20-9-203, MCA) began with Rep. Hirsch providing the Committee with statistics relating to the amounts budgeted to school districts in Montana. Of 232 school districts, 104, or 44%, have budgets less than \$25,000 annually. Six percent have budgets between \$50,000 and \$75,000; six percent have budgets between \$75,000 and \$100,000; and 15% have budgets over \$100,000. Very small school districts should not have to pay for an audit if the Department of Community Affairs can't provide the auditors. County Treasures should be able to do the audits in the small school districts which comprise the largest percent of school districts. Requiring audits creates a severe hardship on these small school districts. In Custer County there are several very small rural districts in which these audits cost more than is budgeted for new books. Audits average around \$300. This takes away from the quality of education.

Proponents of House Bill 217 were:

George Pendergast, Administrator, Local Government Services Division, Department of Community Affairs, 1424 9th Ave., Helena, Mt. - Mr. Pendergast reiterated information provided to the committee by Representative Hirsch.

T.C. Johnson, School Administrators of Montana, Helena, Mt. - "Audits are expensive and the indicated districts generally operate with a small budget" Mr. Johnson recommended that on line 22, page 2, the words "County Commissioners be replaced with the words "County Superintendent". (See Exhibit 5)

Theresa I. Love, County Superintendents of Schools, Townsend, Mt. Ms. Love stated, "The treasurer goes over the clerk's book annually and in some communities it's impossible to hire qualified CPA's. The Community Affairs Department does not have enough help to audit even the first-class districts annually." (See Exhibit 6)

Leonard Sargent, Montana School Boards Association, 501 N. Sanders, Helena, Mt. - Mr. Sargent, speaking for the MSBA, requested this bill be amended as follows: line 22, page 2, strike "board of county commissioners" and insert "county superintendent" in place of the stricken language. (See Exhibit 7)

There were no opponents to House Bill 217 present.

Representative Hirsch told the Committee that Senator Bob Brown would carry this bill in the Senate and that he wanted the Committee to know he supports the bill. If an audit is required of these schools, publication in the newspapers is also required which is an additional expense to the districts.

Representative Magone asked what the difference is between first, second and third class districts. Mr. Stockton, OPI, replied classifications are made by population. First class districts must have a population over 6,500; second, between 6,500 and 1,000; and third, below 1,000.

Representative Eudaily asked if the County Superintendents could direct the County Auditor to make these audits. Mr. Nelson explained to the Committee that County Auditors have prescribed duties and the additional work-load might cause problems.

Representative Pistoria asked Mr. Pendergast if his district had requested this legislation. Mr. Pendergast stated his district had not.

The Hearing was closed and the Committee went into Executive Session on House Bill 132.

Representative Daily made a motion that House Bill 132 do pass. The motion passed unanimously.

Representative Kemmis made a motion to put House Bill 132 on the Consent Calander. The motion passed unanimously.

State of Montana
46th Legislative Session

EDUCATION COMMITTEE

Minutes of Meeting

An Executive Session meeting of the Education Committee of the House of Representatives was called to order Friday, January 26, 1979 in Room 5, Capitol Annex at 1:30 p.m., by Chairman, Peter J. Gilligan, Jr.

The roll was taken and shows all members present.

HOUSE BILL 140: Representative Pistoria moved that the committee DO PASS HB 140. The motion was discussed and question called. The motion failed, 11 voting no and 6 voting yes. The motion was reversed to DO NOT PASS and carried (11-6).

HOUSE BILL 142: A motion was made to amend the bill on line 19 by striking "hours" and inserting "class periods". This amendment was discussed and a vote of the committee shows it failed unanimously. Representative Nordvedt moved that the committee DO PASS HB 142. The motion was discussed and question called. The motion failed, 13 voting no, 4 voting yes. The motion was reversed to DO NOT PASS and carried (13-4).

HOUSE BILL 162: It was moved by Representative Oberg to DO PASS. The motion carried 13 to 4.

HOUSE BILL 175: Representative Pistoria moved to AMEND HB 175 so that "September 10" will replace "September 1, or the first official pupil instruction day of the district." The motion passed unanimously. Representative Uhde moved the committee AS AMENDED DO PASS. The motion carried, 13 voting yes, 4 voting no.

HOUSE BILL 217: Representative Lund moved to AMEND HB 217 so it will not require third-class school districts not maintaining a high school to be audited. The motion passed, with one committee member voting no. Representative Kemmis moved AS AMENDED, DO PASS. The motion carried, 16 voting yes, 1 voting no.

The meeting adjourned at 2:35 p.m.

Respectfully submitted,


Peter J. Gilligan, Chairman

SENATE EDUCATION COMMITTEE

MARCH 7, 1979

The Senate Education Committee met Wednesday, March 7, in Room 402 of the Capitol Building. Senator Bob Brown, Chairman, called the meeting to order at 1:14 p.m. Committee members present were Senators Brown, O'Hara, Richard Smith, Anderson, Severson, Thomas, and Fasbender with Senator Ed Smith entering the meeting late and Senators McCallum and Blaylock excused.

The following bills were heard: House Bill 217
House Bill 175
House Bill 220
House Bill 219

HOUSE BILL 217

Representative Hirsch, sponsor of the bill, stated the bill would exempt 3rd class school districts who do not maintain high schools from the audit requirement of the Department of Community Affairs. He stated that having to comply with the audit presents a severe financial hardship in many cases. There are 232 3rd class districts with no high schools that have had to comply with the audit by Department of Community Affairs. The Department does not have the staff to do all those audits and therefore private CPA's must be hired to do them at an average cost of about \$400. There then is a requirement that the audit comments must be published in the newspaper which runs anywhere from \$35-50. In some cases, the 3rd class district was paying more for its audit than for school-books.

PROPOSERS

Wayne Buchanan, representing the Montana School Boards Association, stated that out of 584 districts, 162 have total budgets of under \$50,000. In some cases, the total cost of the audit is \$800 which is an exorbitant percentage of the total budget. The Association supports the bill and urged favorable consideration of it by the committee.

Lyle Eggum, representing the Office of Public Instruction, said OPI supports the bill.

There were no further proponents and no opponents to the bill and the hearing was closed.

HOUSE BILL 175

Representative Bengston, sponsor of the bill, stated the bill provides for uniform age requirements for school attendance. She said the House had amended the date and made provision for exceptional circumstances.

Date 3/7/79

ROLL CALL

EDUCATION COMMITTEE

46th LEGISLATIVE SESSION - 1979

NAME	PRESENT	ABSENT	EXCUSED
Sen. Bob Brown, Chairman	X		
Sen. Ed Smith, Vice Chairman	X		
Sen. Jesse O'Hara	X		
Sen. George McCallum			X
Sen. Elmer Severson	X		
Sen. Mike Anderson	X		
Sen. Chet Blaylock			X
Sen. Larry Fasbender	X		
Sen. Richard Smith	X		
Sen. Bill Thomas	X		

Each Day Attach to Minutes.

SENATE EDUCATION COMMITTEE

March 7, 1979

HOUSE BILL 175 REPRESENTATIVE BENGSTON

House Bill 175 establishes uniform age requirements for entrance into Montana's public schools by redefining pupil and creating a new subsection in 20-5-101, MCA, granting school trustees authority to waive age requirements (page 6, lines 10 through 21). In existing law, the age requirement for pupils is six years or older up to 21 years. This requirement is changed to six years or older on or before September 10 of the year in which a child is to enroll in school. The trustees are granted authority to waive the age requirement under exceptional circumstances.

HOUSE BILL 217 REPRESENTATIVE HIRSCH

The proposed legislation clarifies the audit requirements of third class school districts that do not maintain a high school. The existing statute on audit requirements does not include third class school districts. The bill requires third class school districts that maintain high schools to meet the audit requirements of 2-7-503, and 20-9-203, MCA. Thus third class school districts that do not maintain a high school do not have to comply with the audit requirements in existing law.

HOUSE BILL ²¹⁹~~220~~ REPRESENTATIVE SEIFERT

House Bill 219 makes qualification in Indian studies a requirement for teacher employment on or in the vicinity of an Indian reservation permissive instead of mandatory. Currently, any teacher employed on or in the vicinity of an Indian reservation must have a minimum of six hours of instruction at an accredited University pertaining to history, traditions, customs, values, beliefs, ethics, and contemporary affairs of Montana and American Indians. The bill will make this requirement the responsibility of local school trustees to enforce and administer instead of a state requirement.

HOUSE BILL 220 REPRESENTATIVE SEIFERT

This bill allows a school district or community college to hire legal counsel to perform legal services in connection with school or community college board business. Schools and community colleges may hire legal counsel in the existing statute, however, they must have the consent of the county attorney.

Page 5
Minutes
March 12, 1979

There being no further proponents and no opponents, the hearing was closed on House Bill 473.

The committee met in Executive Session.

HOUSE BILL 480

Senator McCallum moved House Bill 480 be taken off the table.
The motion carried unanimously.

Senator Anderson moved House Bill 480 Be Not Concurred In.
The motion failed on a roll call vote (see attached roll call sheet #7).

HOUSE BILL 718

Senator O'Hara moved House Bill 718 Be Concurred In. The motion
carried unanimously.

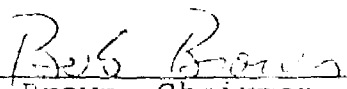
HOUSE BILL 458

Senator Ed Smith moved House Bill 458 Be Concurred In. The motion
carried unanimously.

HOUSE BILL 217

Senator McCallum moved House Bill 217 Be Concurred In. The
motion carried unanimously.

There being no further business, the meeting adjourned to reconvene Wednesday, March 14, 1979.



Senator Bob Brown, Chairman

HOUSE BILL NO. 217

INTRODUCED BY HIRSCH, B. BROWN, SOUTH, JOHNSON, DOZIER

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE AUDIT REQUIREMENTS FOR THIRD-CLASS SCHOOL DISTRICTS THAT DO NOT MAINTAIN A HIGH SCHOOL; AMENDING SECTIONS 2-7-503 AND 20-9-203, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-7-503, MCA, is amended to read:

"2-7-503. Annual audits of local governmental entities. (1) The department shall audit the affairs of all:

(a) counties;

(b) incorporated cities and towns;

(c) ~~first-x-second-x AND SECOND-CLASS SCHOOL DISTRICTS~~
~~and third-class~~ school districts ~~that maintain a high~~
~~school; and~~

(d) school district extracurricular fund for pupil functions;

(e) irrigation districts;

(f) conservancy districts;

(g) fire districts and volunteer fire departments in unincorporated areas, towns, and villages supported by a mill levy;

(h) fire department relief associations.

(2) Each audit shall be made annually and shall cover the immediately preceding fiscal year of the governmental entity.

(3) Each annual audit shall be initiated not later than 12 months from the close of the fiscal year for which the audit is conducted.

(4) In addition to the annual audits required by this section, the department may at any time conduct a special audit of the affairs of any governmental entity referred to in this part.

(5) The fee for the special audit shall be a charge based upon the costs incurred by the department in the conduct of such special audit. The audit fee herein provided shall be paid by the governmental entity to the state treasurer and credited to the state general fund."

Section 2. Section 20-9-203, MCA, is amended to read:

"20-9-203. Examination of district accounting records.

(1) The accounting records of all ~~first-x-second-x AND~~
~~SECOND-CLASS SCHOOL DISTRICTS~~ and ~~third-class~~ school districts ~~that maintain a high school~~ shall be audited annually by the department of community affairs in accordance with 2-7-503.

(2) Annually and at such other times as directed by the board of county commissioners or trustees, the county auditor or the county treasurer if there is no county

1 auditor shall audit the accounting records of each
2 third-class district that does not maintain a high school.
3 Such district shall deliver all accounting records to the
4 auditing county official no later than July 15 for the audit
5 of the financial activity of the last completed school
6 fiscal year. The auditing county official shall examine the
7 accounting records, prepare an audit report, and:

8 (a) return the accounting records to the district no
9 later than August 15;

10 (b) send a copy of the audit report to the chairman of
11 the trustees; and

12 (c) file copies of the audit report with the county
13 superintendent and the county clerk and recorder."

14 SECTION 3. EFFECTIVE DATE. THIS ACT IS EFFECTIVE UPON
15 PASSAGE AND APPROVAL.

-End-